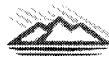




0000105076

ORIGINAL

WESTERN RESOURCE
ADVOCATES

RECEIVED

NOV 16 P 4:07

November 12, 2009

DOCKET CONTROL

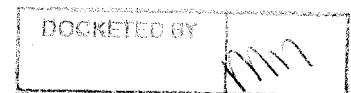
Chairman Kristin K. Mayes
Commissioner Gary Pierce
Commissioner Paul Newman
Commissioner Sandra D. Kennedy
Commissioner Bob Stump

Arizona Corporation Commission

DOCKETED

NOV 16 2009

SUBJECT: Comments on Proposed Order on Resource Planning Rules
(Docket No. RE-00000A-09-0249)



Dear Chairman Mayes and Commissioners:

Western Resource Advocates (WRA) hereby provides comments on the draft rule on resource planning contained in the proposed order in this Docket.

The draft rule has many strengths, including explicit reference to environmental impacts of power generation, recognition of the uncertainties encountered in planning, recognition of the multiple objectives of resource planning, gathering of public input prior to the filing of resource plans, and acknowledgement of resource plans. There are, however, several remaining issues.

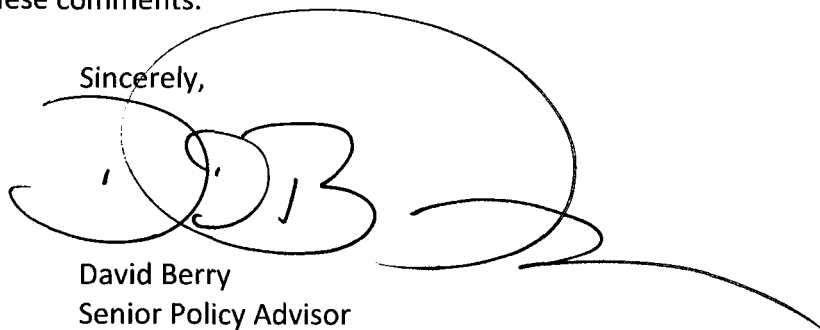
1. The rule should reflect Staff's and the Commission's capability for timely review of resource plans and should recognize that there are over 25,000 MW of generating capacity in Arizona. The 5 MW threshold for a load serving entity (Sections 701 and 702) should be increased to about 250 MW, so that the rule focuses on resource decisions that make a difference at a statewide level. Spending Commission and private sector time and money on the plans of tiny generators will be ineffective and needlessly burdensome. Moreover, Staff's proposed resource planning rule does not comport with Staff's position in the SolarCity case in which Staff advocates light regulation for companies offering solar service agreements. The resource planning rule is not light regulation for companies with at least 5 MW of solar service agreements.
2. The definition of production costs (Section 701) should include fuel costs.
3. The definition of third party independent brokers (Section 701) should not include the names of specific companies which may go out of business.
4. The definition of total cost (Section 701) is incomplete and should be rewritten as follows:
"Total cost" means all capital, operating, maintenance, fuel, environmental control, and

other costs of power supply plus all incremental costs of demand management plus all costs of environmental impacts resulting from supply and demand side resources not otherwise accounted for as supply and demand side costs. These costs shall be considered whether they are borne by end users, load-serving entities, or others.

5. Add a definition of "environmental impact" as follows: *Any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organization's activities, products or services. Environmental impacts include, but are not limited to, effects on human health, damage to wildlife, plants, or habitat, aesthetic effects, and impairment of visibility.*
6. Section 703 (B)(1)(p), pertaining to environmental impacts. Rewrite as: *Air and water emissions quantities (e.g., metric tons, pounds) and rates (quantities per MWh), by type of emission, and quantities of solid waste production by type of waste product. Types of air emissions include carbon dioxide, nitrogen oxides, sulfur dioxide, lead, mercury, particulates, and other emissions subject to current or expected future environmental regulation.*
7. Sections 704(A) and (B), pertaining to Staff and Commission review of resource plans. By the time the Commission acknowledges a plan (15 months after the plan is filed), the plan could be stale and a new plan will be filed in only 9 months. WRA suggests, at most, a six month review by Staff and intervenors with a Commission decision four months later (to allow time for a hearing). This accelerated schedule could be accommodated by reducing the number of load serving entities subject to the rule as indicated in comment 1, above.
8. Section 704(B), pertaining to Commission review of resource plans. This section should indicate that the Commission may conduct a hearing on the resource plans.
9. Section 704(B) should also include in the list of factors to be considered the degree to which adverse environmental impacts of power production and delivery have been addressed.

Thank you for your consideration of these comments.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to be 'DB' with a long horizontal flourish extending to the right.

David Berry
Senior Policy Advisor